

CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of March 10, 1982

ATTENTANCE: Messrs. G. Fisher & S. Huza, Acting Chairmen, Prof. G. Martin, Prof. C. Potter, Prof. H. Ripstein, Mr. B. Smart, Mr. C. Waters, Mr. R. Doutre, Miss D. Johnson, Mr. M. Hamilton. of William M. Mercer Ltd.

Minutes of the meeting of March 10, 1982

Marketing Group Insurance Coverages (Appendix A)

Mr. Malcolm Hamilton reviewed the working document covering the advantages and disadvantages of going to market for each of the Insurance Coverages.

The reserves or deficits and methods of funding were reviewed for each of the plans:

Life Insurance: Sun Life re-insures a portion of our policy liability while the balance is experience rated. The present deficit can be attributed to that portion of our premiums which go back into the re-insurance pool.

Long Term Disability: During the first two years our policy experience was fully pooled. The policy is now experience rated and although there was a small surplus at the end of 1980, last year one claim was incurred to create a deficit of \$211,000.00

Health Insurance: The deficit on our Health Insurance policy originated in the first two years of operation. (The insurer may have intentionally understated the quotation to obtain the business.) Since our premiums rate is a flat rate per individual covered the rates don't inflate as a percentage of Payroll. The retention and expense rates could be negotiated. Going to market should be a last resort.

Mr. Smart indicated satisfaction with the negotiating rational but he would like to review the historical trends in the deficits.

The Chairman noted that before making any final decision with respect to the present positions of the various plans he would prefer to review the five year financial summaries and claims experience data, if anything is not satisfactory we will review the matter further.

Health Insurance Increase in Premiums

The Secretary reviewed the procedure which had been followed to negotiate a lower premium increase. It was noted that a delay in implementation would have resulted in either an increased premium rate to account for the delay or a retroactive premium increase for employees and the University.

Mr. Smart indicated that the Administration had been given no authority for the increase and the Committee should have been consulted first.

The Chairman asked for a motion to approve the premium increase retroactively.

Prof. Potter made the motion for retroactive approval of the Health Insurance increase as an exceptional procedure which should not be repeated. He noted that the Chairman should be advised of any such occurrences in the future. The motion was unanimously carried.

Mr. McDonald - Appeal Regarding Past "Credited Service"

The Secretary advised the Committee of the error which had been discovered in the "credited service" record for Mr. McDonald. It was noted that although Mr. McDonald had been hired by the University July 1, 1965 the records in the Benefits files showed a date of entry into the Pension Plan of October 1, 1942, Mr. McDonald's original enrolment date in The Y.M.C.A. Retirement Fund.

During the period of 1942 to June 30, 1965 Mr. McDonald had been employed by the Y.M.C.A. in Toronto in capacities which did not relate to Sir George Williams University.

The University records have been searched for evidence of approval of a "past service" credit. Mr. Ray, the former principal of the University, has been consulted and we have received a letter from him indicating that he does not recall any special arrangement regarding Mr. McDonald's pension service. Mr. Henry Worrell was also consulted and he recalls no special arrangement for Mr. McDonald.

The pertinent documents have been reviewed by both our Legal Counsel and our Actuaries. Both parties have provided commentaries regarding the dossier and advised us to resist the claim for past service.

The Chairman suggested that a summary of the investigation and documents and a review of the ambiguities be provided for Committee members. The Committee will meet separately to discuss the case.

Mr. McDonald was invited to present the details of his case to the Committee. In 1964 Mr. McDonald was offered a position in the University and two issues were discussed with Mr. D.B. Clarke; Rank and Pension Plan start date. Mr. Clarke referred the pension question to Henry Worrell. Mr. McDonald recalls that he was told that his 1942 pension commencement date could be worked out. All discussions were carried out on a casual basis.

Since then all statements issued by the University have noted the 1942 start date and Mr. McDonald has also received annual statements of his status in The Y.M.C.A. Retirement Fund.

The University made an inquiry about the "Y" Plan benefits in 1971 and Mr. McDonald has received a copy of the Y's letter from the University file. A detailed statement of benefits was issued to Mr. McDonald in November 1971. This statement also indicated a date of entry of October 1, 1942 and Mr. McDonald has provided a copy for our review. (No copy of this document was found in the Personnel files.)

The first indication of any problem was a phone call from Miss Johnson in October 1981 following Mr. McDonald's inquiries about his retirement benefits which are due to commence June 1, 1982. A letter was subsequently received indicating a reduction in the pension benefit to \$13,106.74 per annum. (The previous projection had indicated a combined benefit of \$32,798.31 per annum.)

Mr. McDonald subsequently appealed to Dr. O'Brien and was advised to present his case to this Committee.

Mr. Smart inquired if Mr. McDonald expected his membership in the "Y" Plan to pay both ways. Mr. McDonald noted that his concern in remaining in the "Y" Plan was to maintain his commencement date of October 1942. Discussions were going on at that time to patriate funds to the Sir George Williams Plan.

The Chairman indicated that Committee would have to review the entire dossier and relevant information. Mr. McDonald would be advised of the outcome.

Mr. McDonald indicated that he was anxious to receive a response from the Committee because if the issue couldn't be resolved within the fund he was not through with it.

A discussion ensued regarding the handling of employee deductions and it was agreed that the matter would be pursued in more depth at a special meeting on March 24th at 10:00 a.m.

C.U.F.A. Request for Documentation

The Chairman noted that he had received a telephone call from Mr. H. Proppe of C.U.F.A. inquiring about their request for documents. Mr. Proppe indicated that C.U.F.A. wanted to have their actuaries review the status of the pre-merger Loyola pension benefits. Mr. Fisher suggested that the University's actuaries could do the work as long as C.U.F.A. was prepared to pay the fees. Mr. Proppe agreed that this would be an acceptable approach and C.U.F.A. would send a letter

to the Committee to confirm their agreement. Since no letter has been received by the Secretary or the Chairman it was felt that a letter responding to the initial request and referring to the telephone conversation, should be sent to C.U.F.A.

Mr. Smart noted that both C.U.F.A. & C.U.N.A.S.A. had approached him with regards to information relating to the Benefits plans. The Chairman suggested that we identify items which are to remain Confidential and should not be released to the various Associations.

Examples noted were:

Investment: Neither the portfolio holdings nor the investment transaction data should be released to the associations.

Contracts: None of the insurance contracts should be released.

Contributions: There is nothing wrong with advising employee groups of the percentage of Payroll which represents Employer contributions.

The Chairman advised Committee that it is traditional for Union groups to be given documents relating to Benefits plans but it is made clear that these are to be maintained in the Union offices and kept confidential.

It was suggested that a letter of reply be sent to C.U.F.A. outlining the limitations and referring to the conversation with the Chairman. (i.e. That the University actuaries carry out the required analysis.)

Wood Gundy - Request for Fee Increase

The revised fee, increase proposed by Wood Gundy was discussed and Mr. Smart moved acceptance of the revised fees schedule. The motion was seconded and unanimously carried.

Prof. Martin suggested that we again review the requirement for quarterly reports from Wood Gundy. Perhaps we could revert back to semi-annual reporting which might cut down on the fees.

Interest on Employee Contributions - Revised Resolution

Prof. Martin explained that the Board accepted the interest proposal in principle but the Chancellor suggested that the University's principal banker's non-chequeable savings rate be used instead of the rate published by the Bank of Canada. It was noted that the rates could be compared and fine tuned at a later date. (The revised resolution is attached as Appendix B.)

Mr. Smart suggested that we advise members of the proposed review of pensions at the same time as we announce the interest increase.

Employee Benefits Statements

Mr. Smart asked why there was such a delay in producing the statements and how employees would know what their 1980 status was.

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Mr. Doutre explained that the current process required re-programming and that the process was also a dual function of providing data for actuarial evaluation. Should we process the statements and valuation data separately the process would be more costly.

It was noted that employees would receive a 1980 update in print-out form along with their formal 1981 statement hopefully by the end of June 1982.

Administration of Committee

Mr. Smart asked why meetings weren't held on a regular basis in 1981. Also, he noted that minutes and background data were always received late.

Prof. Martin noted that the meetings in early 1981 had been held on our regular schedule, with no meetings during the summer break period. It was only in the Fall of 1981 that we had encountered difficulty in calling meetings.

Mr. Smart requested that the agenda be submitted one week before the meeting and efforts be made to include with the agenda all relevant documents.

Also, should an emergency arise it was suggested that it would be politic to consult with at least some of the Committee members.

Prof. Potter noted that it would be more desirable that the Chairman be consulted.

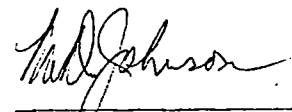
Quorum of the Committee

It was agreed that the Rector and the Chairman of the Board be listed as Ex-Officio members of the Committee and should not be included in the determination of quorum.

"Quorum shall be constituted of four (4) members then in office, of which there should one (1) member of the Board, one (1) administrator, one (1) academic participants representative and one (1) non-academic participants representative."

The meeting adjourned at 12:55 p.m.

Respectfully submitted,



M.D. Johnson, Secretary
Concordia Employee Benefits
Committee